

# Invasion of Ukraine: Russia's Trade Status, Tariffs, and WTO Issues

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Following Russia's invasion of Ukraine, the United States and its allies have imposed [financial sanctions](#) and taken [trade actions](#). Some Members of Congress have introduced legislation (e.g., H.R. 6835, H.R. 6905, H.R. 7014, S. 3725, S. 3717, S. 3786) to revoke Russia's permanent normal trade relations (PNTR) status, which provides unconditional nondiscriminatory, most-favored nation (MFN) treatment to goods and services traded with Russia. On March 11, 2022, President Biden [announced](#) his support for legislation revoking Russia's PNTR status, in coordination with G7 countries. On March 17, the House passed H.R. 7108, which suspends PNTR with Russia (and Belarus); provides the President authority to further increase non-MFN tariffs; provides authority to restore NTR under certain conditions; and directs the U.S. Trade Representative (USTR) to use its voice and influence at the World Trade Organization (WTO) to encourage other WTO members to suspend trade concessions and to consider further steps toward suspending Russia from the WTO. Removing Russia's PNTR status would increase applicable import duties on [U.S. imports from Russia](#), potentially impacting certain sectors reliant on Russian inputs and raising issues under U.S. WTO obligations.

## Background

During 1992-2012, Russia's normal trade relations (NTR) status was annually renewed under [Title IV of the Trade Act of 1974](#). The act requires the President to deny NTR status to any country that did not have it at the time of the law's enactment on January 3, 1975, essentially covering "nonmarket economy" countries (the Soviet Union and other Communist countries). It further denies NTR status as long as the country denies its citizens the right to freedom of emigration under Section 402 of the act (the so-called Jackson-Vanik amendment). Congress enacted the amendment in response to restrictive emigration policies the Soviet Union implemented in 1972.

Amending Russia's trade status was tied to its WTO accession in August 2012. WTO rules generally require each member to provide unconditional MFN treatment (i.e., a member's lowest tariff or best trade concession) to all WTO members. To comply with WTO rules and ensure the United States benefited from the terms of Russia's WTO membership (e.g., market access commitments), [Congress passed legislation](#) in December 2012 that removed Title IV restrictions and provided the President authority to extend PNTR to Russia.

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Proposed legislation to remove Russia's PNTR status would reapply Title IV restrictions and procedures to Russia for purposes of reinstating NTR. Other bills would add [new conditions](#) that Russia would be required to meet before regaining such status.

## Impact on Imports from Removing PNTR

If PNTR were revoked, applicable duty rates on U.S. imports from Russia would be rates set under column 2 of the U.S. [Harmonized Tariff Schedule \(HTS\)](#), unless otherwise specified by law. The President may adjust tariff rates under other authorities. Column 2 duty rates are generally higher than column 1 rates, which apply to countries with NTR. Pertinent for Russian trade, non-MFN rates for raw materials are [usually low](#).

Although U.S. imports from Russia account for a relatively small share of U.S. imports (around 1% in 2021 based on U.S. trade data), some commodities are important to specific U.S. industries. For example, in 2021, [certain titanium](#) products (used by the aerospace industry) accounted for roughly 53% of total U.S. imports of similar products. Without PNTR, the duty rate for these products would increase from 15% to 45%. Based on the 2021 dutiable value of those products, U.S. importers would pay an additional \$32.4 million in duties. Duty rates for most petroleum oil, a major Russian export (over 50% of U.S. imports from Russia), would double (**Table 1**[Error! Reference source not found.](#)). On March 8, 2022, the Biden Administration [announced](#) a ban on imports of Russian crude oil and certain petroleum products, liquefied natural gas, and coal to the United States. The Administration subsequently [announced](#) import bans on other key goods, including seafood, spirits/vodka, and non-industrial diamonds. Additionally, Russia announced an export ban of [over 200 products](#), including medical equipment, agricultural machinery, and [grain](#).

**Table 1. Top 10 U.S. Imports from Russia, 2021**

| Product (HTS 8-digit)   | Import Value (in \$ billions) | Import Quantity              | Customs Calculated Duties (in \$ millions) | Column 1 Duty Rates       | Column 2 Duty Rates | CRS Estimated Column 2 Duties (in \$ millions) |
|---|-------------------------------|------------------------------|--|---------------------------|---------------------|--|
| Petroleum-derived distillate and residual fuel oil, <25 degrees A.P.I. (2710.19.06) | \$9.0                         | 134.6 million barrels        | \$7.1                                      | \$0.0525/bbl <sup>a</sup> | \$0.21/bbl          | \$28.3   |
| Crude oil, >25 degrees A.P.I. (2709.00.20)  | \$3.4                         | 48.7 million barrels         | \$5.1                                      | \$0.105/bbl               | \$0.21/bbl          | \$10.2   |
| Petroleum-derived distillate and residual fuel oil, >25 degrees A.P.I. (2710.19.11) | \$1.7                         | 21.9 million barrels         | \$2.3                                      | \$0.105/bbl               | \$0.21/bbl          | \$4.6  |
| Unwrought or powdered palladium (7110.21.00)  | \$1.6                         | 20.7 million component grams | \$0  | Free                      | Free                | \$0  |
| Light oil motor fuel (2710.12.15)   | \$1.3                         | 16.6 million barrels         | \$8.7                                      | \$0.525/bbl               | \$1.05/bbl          | \$17.5   |
| Nonalloy pig iron containing <0.5% of phosphorus (7201.10.00)                       | \$1.2                         | 2.1 million metric tons      | \$0  | Free                      | \$1.11/ton          | \$2.3  |
| Crabs (0306.14.40)  | \$1.1                         | 31.7 million kg              | \$0  | Free                      | Free                | \$0  |

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|---|-------------------------------|-----------------------------|--|---------------------|---------------------|--|
| Semifinished products of iron or nonalloy steel (7207.12.00)          | \$0.9                         | 1.2 billion kg              | \$206.1 <sup>b</sup>                       | Free                | 20%                 | \$383.4  |
| Unwrought or powdered Rhodium (7110.31.00)                            | \$0.7                         | 1.2 million component grams | \$0  | Free                | Free                | \$0  |
| Enriched uranium and other radioactive chemical elements (2844.20.00) | \$0.6                         | 550,388 kg                  | \$0  | Free                | Free                | \$0  |

**Source:** CRS analysis of import data from the U.S. International Trade Commission Dataweb and HTS.

**Notes:** Imports are imports for consumption

a. Bbl=barrel

b. Steel products are subject to an additional 25% tariff under [Section 232](#) of the Trade Expansion Act of 1962.

It is difficult to estimate the direct impact on prices from tariff increases, partly because U.S. importers may source from other countries to offset possible increased costs. Industries reliant on Russian inputs would be impacted more and could face disruption to their supply chains if businesses decide to stop sourcing from Russia altogether. The European Union (EU), along with other G7 countries and “like-minded partners” (such as Albania, Australia, South Korea, and New Zealand), [announced](#) revocation of Russia’s MFN status on March 15, 2022, following earlier action by Ukraine and [Canada](#). The coordinated action may compound potential impacts on the Russian economy and global supply chains depending on the accompanying tariff increases.

## WTO Issues

Collective action by the U.S. and allies would limit Russia benefiting from MFN treatment under its WTO membership. There is limited precedent for rescinding PNTR for a major trading partner; however, the United States has delayed (e.g., Moldova) or withheld NTR (e.g., Cuba) for some WTO members. (North Korea, a non-WTO member, is the only other country [without NTR](#).) Key policy issues include the scope (e.g., possible tariffs caps, as in [Canada](#)), duration, and authorities for revocation.

In a [notification to the WTO](#), Ukraine claimed that rescinding the application of WTO agreements in trade relations with Russia was consistent with its “national security rights” under the agreements, and urged WTO members to suspend Russia’s participation in the WTO. Canada revoked Russia’s MFN status on the basis of [GATT Article XXI](#), the so-called national security exception; the EU, U.S. and 12 other WTO members indicated similar justification in a [joint statement](#). The exception permits a WTO member to impose WTO-inconsistent measures it considers “necessary for the protection of its essential security interests,” including “in time of war or other emergency in international relations.”

Russia could take similar action in retaliation should the United States revoke PNTR/MFN, and pursue [WTO dispute settlement](#). Russia has [argued](#) that the United States and others have violated their WTO obligations, and contested the actions to isolate Russia at the WTO. U.S. trade officials would likely justify potential action using GATT Article XXI; [panel decisions](#) involving the GATT exception (including a [Russia-Ukraine dispute](#)) offer some guidance but remain contentious among members.

H.R. 7108, other [proposed legislation](#), as well as some [experts advocate](#) expelling Russia from the WTO. No formal mechanism exists to expel members, but WTO members could seek to amend the [WTO Marrakesh Agreement](#) to create one. This would likely face procedural and other obstacles, as WTO decisions are generally made by consensus among 164 members. Amending a WTO agreement [requires](#) the support of two-thirds of WTO members; if a member refuses to comply, three-fourths of the membership could vote to apply the decision and the dissenting members “shall be free to withdraw from the WTO or to remain ... with the consent of the Ministerial Conference.” [Some experts](#) view a coordinated suspension of trade benefits as achieving the same effect as expelling Russia, but through a “more practical” approach. Others [point](#) to revoking MFN as primarily a symbolic gesture, questioning the impact and whether it would undermine the WTO. Such actions could include a path for Russia to reenter the WTO in the future.

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